MARKET ANALYSIS

EMEA

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Europe (9 October 2023 - 13 October 2023)

Index	Starting Price	Ending Price	% Weekly Change	% Change YTD
EUROSTOXX 50	4,139.51	4,136.12	**-0.08**	**7.26**
DAX 40	15,143.29	15,186.66	**0.29**	**7.94**
FTSE 100	7,494.58	7,599.60	**1.40**	**0.60**
CAC 40	7,041.38	7,003.53	**-0.54**	**6.20**
FTSE MIB	27,541.52	28,237.02	**2.53**	**12.14**

10Y Government Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
Italy	4.931	4.758	**-0.035**	**0.043**
Germany	2.888	2.737	**-0.052**	**0.116**
France	3.480	3.366	**-0.033**	**0.127**
Spain	4.032	3.882	**-0.037**	**0.100**
United Kingdom	4.577	4.392	**-0.040**	**0.202**

Comment

The key market mover in Europe remains the eruption of war in Gaza with bond yields declining due to an increase in demand for safe-haven assets. The war has also adversely impacted oil prices, which experienced a 6% increase on Friday, 13 October 2023. This would continue to fuel inflation concerns regionally and globally. On that note, the minutes of the ECB September meeting released on 12 October 2023 revealed that most policymakers voted to raise the key deposit rates to 4.0%. In other parts of Europe, the German government has slashed economic forecasts with higher energy prices and weaker market demand from China. Meanwhile, the UK is expected to have the slowest growth amongst the G7 countries (according to the IMF). Ultimately, because of Europe's position as an energy importer, the equities market could take a hit especially with the markets remaining bearish on growth.

Europe (16 October 2023 - 20 October 2023)

Index	Starting Price	Ending Price	% Weekly Change	% Change YTD
EUROSTOXX 50	4137.07	4,024.68	**-2.72**	**4.37**
DAX 40	15219.42	14,798.47	**-2.77**	**5.18**
FTSE 100	7599.60	7,402.14	**-2.60**	**-2.10**
CAC 40	7029.75	6,816.22	**-3.04**	**3.36**
FTSE MIB	28304.78	27,357.00	**-3.35**	**8.65**

10Y Government Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
Italy	4.793	4.921	**0.027**	**0.078**
Germany	2.770	2.893	**0.044**	**0.180**
France	3.408	3.519	**0.033**	**0.178**
Spain	3.910	3.997	**0.022**	**0.133**
United Kingdom	4.427	4.655	**0.052**	**0.273**

Comment

The key market mover in Europe is still the war in Gaza and concerns over oil prices. This is especially concerning given that oil and minerals are Europe's top import items, resulting in climbing yields throughout Europe. That said, this week, the FTSE 100 declined with inflation remaining high compared to inflation targets of 2%. Additionally, this week the UK reported a decline in retail sales citing warmer weather which led to consumers cutting spending on top of the fear of rising interest rates. Further, in France, business confidence fell across most sectors of the economy in October, according to the official statistics agency. On a more positive note, despite the Dax losing for the week, German investor morale improved more than expected in October, driven by expectations of further declines in inflation and stable short-term interest rates in the eurozone, according to the *ZEW Economic Institute.*

Market Sentiment and Upcoming Events

Market sentiment

The Bank of England (BoE) and the European Central Bank (ECB) will be making decisions on the benchmark interest rates soon. The BoE is scheduled to meet on November 2, 2023, while the ECB will meet on October 26, 2023. Presently, both the UK and the EU are experiencing slowing inflation, as shown by the core CPI in the UK dropping by 0.1% and the EU experiencing a slower rise in CPI compared to August. Given this, it is highly likely that the BoE would maintain its current policy stance, while the ECB would be encouraged to end its 10th consecutive interest rate hike.

Apart from inflation, various metrics such as the PMI and retail consumption highlight that the economy is contracting, which further supports the current policy stance. In September 2023, the Composite PMI Index in the UK contracted to 48.5. This is due to poor business conditions, heightened risk aversion among clients, and downward pressure on demand because of rising borrowing costs. As a result, exports have fallen for 20 consecutive months, with employment also experiencing its 12th consecutive monthly decline.

Additionally, the UK Construction PMI fell to 45.0 in September, marking its lowest since May 2020. This is due to cutbacks in residential development projects, declining demand, and rising borrowing costs. Commercial real estate has also declined due to economic concerns, while civil engineering projects have seen steep declines. This issue will remain persistent in the UK, with construction being on the decline for six consecutive months as the Base and Standard Mortgage rates (6.25% and 7.99% respectively) apply downward pressure on demand and prices in the housing market.

Europe has also experienced similar trends, with the HCOB Eurozone Composite PMI Index standing at 47.2 in September 2023, up from previous readings in August. While the increase was a positive sign, there remain growing concerns that the weakening demand has lowered eurozone businesses' confidence moving into the next 12 months. Furthermore, despite the EU Construction PMI also rising to 43.6 from 43.4 in August, business confidence across the eurozone's construction sector remained weak in September, with firms anticipating a fall in activity over the next year.

On the consumer side, EU retail sales witnessed a 2.1% decline, worse than the forecasted 1.2% decline, while UK retail sales fell by 0.9% in September, underperforming the market expectations of a 0.3% drop and following a rise of 0.4% in August. The decline in the EU stems from a decline in mail orders and online shopping, while the fall in retail sales in the UK comes amid warmer weather in September with consumers spending less on autumn and winter wares on top of concerns over rising interest rates.

Given that the manufacturing, services, and construction industries are contracting and the higher-for-longer stance of the BoE and ECB, it is highly probable that interest rates would be maintained. Moreover, the evidence presented does showcase a possibility for a soft landing in Europe, especially with the economy contracting in a controlled manner with unemployment rates in the EU continuing to fall.

Expected events for the upcoming period

Europe

Event	Date	About/Description
		EMEA October Economic Calendar
EUR Manufacturing PMI (Sep)	*2 Oct 2023*	In September, the EU Manufacturing PMI witnessed a decline from 43.5 to 43.4, performing according to expectations. This highlights considerable weakness across the sector with new orders shrinking. Businesses continued to face reductions in employment, purchasing activity and inventory, with a considerable decline in business confidence.
UK Manufacturing PMI (Sep)	*2 Oct 2023*	In September 2023, the UK Manufacturing PMI witnessed a rise from 43.0 to 44.3, indicating a recovery from August's 39-month low. Managers reported a continuous fall in exports for the 20th consecutive month, and employment has fallen for the 12th consecutive month. Nonetheless, there has been an increase in prices for the first time in four months.
EUR Unemployment Rate (Aug)	*2 Oct 2023*	In August 2023, the unemployment rate in the EU declined by 0.1%, reaching 6.4%. The decline in unemployment data has been consistent since mid-2021.
EUR Services PMI (Sep)	*4 Oct 2023*	In September 2023, the EU Services PMI rose to 48.7 from 47.9, performing better than forecast. During September, eurozone service providers were able to process outstanding business at a faster rate amid weaker demand pressures. Input prices are also increasing, causing prices to increase.
UK Services PMI (Sep)	*4 Oct 2023*	In September 2023, the UK services PMI declined to 49.3 from 49.5 in August. However, the PMI performed better than forecast. The decline in the PMI could be attributed to sluggish business conditions, heightened risk aversion among clients, and downward pressure on demand owing to rising borrowing costs.
EUR Retail Sales (Aug)	*4 Oct 2023*	EU retail sales witnessed a 2.1% decline, worse than the forecasted 1.2% decline. Retail trade volumes decreased by 7.4% for automotive fuels, 3.0% for food, drinks, and tobacco, and 0.1% for non-food products.
EUR Construction PMI (Sep)		In September 2023, the EU Construction PMI rose to 43.6 from 43.4 in August. Business confidence across the

		eurozone's construction sector remained weak in September, with firms generally anticipating a further fall in activity over the next year. This is evident in the decline in housebuilding activity, fall in commercial activity and downturn in civil engineering.
UK Construction PMI (Sep)	*5 Oct 2023*	In September 2023, the UK Construction PMI fell to 45.0 from 50.8 in August, marking its lowest since May 2020. Construction companies faced cutbacks in residential development projects due to sluggish demand and rising borrowing costs. Commercial real estate declined due to concerns over economic outlooks, while civil engineering projects saw steep declines.
Halifax House Price Index & UK Mortgage Rate	*6 Oct 2023*	Housing prices in the UK have been on a decline for six consecutive months. In September, prices declined by 0.4%. Although housing prices are still above rates in December 2021 when the Bank of England began hiking rates, the BoE's higher-for-longer policy stance and increasing Base and Standard Mortgage rates (6.25% and 7.99%) could continue to exert downward pressure on demand and prices in the housing market.
BRC Retail Sales Monitor	*9 Oct 2023*	In September 2023, retail sales growth stood at 2.8%, below market expectations of 3.1% and down from August figures at 4.3%, despite the fall in inflation.
UK GDP (MoM) (Aug)	*12 Oct 2023*	The UK economy grew by 0.2% in August 2023, following a worse-than-expected performance in July. The growth was driven by the services sector, while manufacturing and construction faced contraction. Although this reduces the probability of a recession occurring, the high-interest rates continue to weigh down on demand, leaving investors concerned that recovery may not be beyond the horizon.
EUR Industrial Production (MoM) (Aug)	*13 Oct 2023*	In August 2023, EU Industrial Production rose by 0.6% month over month, well above forecasts of 0.1%. The increase came as factories made more consumer goods. Durable consumer goods, non-durable consumer goods, and capital goods increased in production, while energy and intermediate goods declined during this period.

UK Unemployment Rate (Aug)	*17 Oct 2023*	Labour Force Survey delayed by one week. The Labour Force Survey (LFS) is a study of the employment circumstances of the UK population. It is the largest household study in the UK and provides the official measures of employment and unemployment.
UK CPI	*18 Oct 2023*	UK inflation came in at 6.7% in September, slightly ahead of expectations and unchanged from previous months. In contrast, core CPI is at 6.1% YoY, down from 6.2% in August. These figures, together with August's readings could lead to the Bank of England holding interest rates again.
EUR CPI	*18 Oct 2023*	The bloc's CPI increased 4.3% YoY, slowing from August's figures of 5.2%. Core CPI rose 4.5% compared to August's figures of 5.3%. Slower inflation could therefore signal to the ECB to maintain interest rates, thereby ending a cycle of 10th interest rate hikes.
UK Retail Sales	*20 Oct 2023*	Retail sales fell by 0.9% in September, performing below market expectations of a 0.3% drop and following a rise of 0.4% in August. This comes amid warmer weather in September as consumers spend less on autumn and winter wares and rising interest rates.
Upcoming Events		
EUR & UK Manufacturing & Services PMI (Oct)	*24 Oct 2023*	PMI summarises whether market conditions are expanding, contracting, or staying the same as viewed by managers.
EUR Deposit Facility Rate & Interest Rate	*26 Oct 2023*	The European Central Bank publishes its decision on where to set the benchmark interest rate. As short-term interest rates are an important determinant of currency valuation, traders watch interest rate changes closely.
EUR CPI and GDP	*31 Oct 2023*	The Consumer Price Index (CPI) measures the change in the prices of goods and services contained in a basket of consumer items. The Central Bank pays very close attention to this figure in its role of maintaining price stability.

Performer of the Period

BRSAN.E was selected as the performer of the week because of its outstanding recovery since the early 2000s, which goes beyond the week. Year-to-date, its performance increased by 1586.50%, making it one of the fastest-growing companies in Turkey's equity market.

Company Overview

Market Cap	134.01bn ₺ / 4.51 bn €
Beginning of period price	758.90 ₺ / 25.52 €
End of the period price	945.50 ₺ / 31.79 €
% Change	24.57%

As of 20/10/2023

Company Description

BRSAN.E is a Turkey-based manufacturer of pipes and tubes. The company was founded by Asim Kocabiyik on 12 July 1958 and is headquartered in Salipazari, Turkey. The Company provides a range of products including gas pipes used in infrastructure projects such as water, gas, and oil transmission lines, concrete pump pipes, oil pipes and sprinkler pipes. In Engineering the company designs, produces and maintains machinery, equipment, and spare parts and designs and conducts investment projects. The Company provides products for the fields of energy, construction, automotive, installation, and furniture manufacturing. The Company operates through five plants in Turkey and Europe and exports its products to various countries in America, Europe, and Asia.

Industry Overview

The market for basic materials hinges on the need for these materials in the production of various products. Since all physical goods are ultimately derived from raw materials, the level of demand can vary significantly across different markets. Within the Metals and Mining sub-sector in which BRSAN.E operates, there is a diverse range of companies dealing with minerals, oil, gold, aluminium, silver, and steel. It is anticipated that the global market for base metal mining will expand to a size of approximately USD 744.14 billion by 2030, growing at a compound annual growth rate (CAGR) of 3.8% from 2023 to 2030. This growth is primarily driven by the increasing production of electric vehicles (EVs) and the rising investments in the renewable energy sector, which is expected to boost the demand for base metals in the foreseeable future.

SWOOT Analysis

Strengths

BRSAN.E leads the steel pipe industry in Europe and globally with its wide range of over 4,000 high-tech products, catering to customers in various sectors, including automotive, construction, energy, and machinery production. This diversification ensures the company's stability, as a negative trend in any of these sectors would have a limited impact. With 65 years of industry experience, BRSAN.E has been a pioneer in technological innovations, as evidenced by numerous quality certificates. The company's API products in the energy sector have garnered high-performance ratings, making it the sole US supplier of such products, while its load-bearing products for the construction sector are exported globally for high-prestige structures. In the automotive sector, BRSAN.E pipes are incorporated into most commercial vehicles. The company's leadership position in the industry is attributable to the techniques developed from the 1960s to the present. BRSAN.E has a profit distribution policy that aims to distribute 50% or more of the distributable profit as dividends in the coming years.

Weaknesses

BRSAN.E is investing heavily to expand its market share by moving closer to the West. The company's confined presence in Turkey for a long time has led to competition in the most profitable areas, including pipeline, one of the longest sectors which is often supported by public institutions. This initial handicap has spurred the company to make significant investments to grab the largest market share available. Additionally, BRSAN.E specialises in the production of highly standardised steel pipes, which makes it easy for customers to switch to other producers if they offer better price terms. With most of the customers, especially the most profitable ones, located in Europe and America, transport costs will have to be reflected in the price. BRSAN.E may face a cost disadvantage, as these costs for companies primarily present in Europe and America are lower.

Opportunities

BRSAN.E is committed to reducing its environmental impact through the implementation of sustainable policies, including responsible management of natural resources and material recycling, in line with national and international environmental regulations. Such initiatives help improve the company's reputation and attract new customers and investors. The company has located part of its production facilities in Europe (Italy and Romania, in particular), acquired Berg Pipe in the USA, and is showing the market that it wants to expand and compete with the big Western companies. To enhance operational efficiency, the company pays great attention to the training and personal development of its workforce. To this end, it has established the "Borusan Academy" to offer employees opportunities for skills and abilities development.

Threats

American companies operating in the sector enjoy robust business districts, complete with suppliers and research and development centres. This, in conjunction with the greater ease of building relationships with local customers, places American companies in an advantageous position compared to BRSAN.E. Additionally, Turkey has recently increased its corporate tax rate by 5% to counterbalance the burden of a fiscal budget deficit. As such, this would hurt profits for the company. Moreover, the entire industry is affected by commodity price volatility. The current uncertainty brought about by geopolitical conflicts, combined with the residual effects of the pandemic, can lead to a negative impact on company costs.

North America Markets

Indexes and Key Events Moving the Market

Markets around the world

North America (9 October 2023 - 13 October 2023)

Index	Starting Price	Ending Price	% Weekly Change	% Change YTD
Dow Jones	$33,259.84	$33,733.34	**1.42**	**1.76**
S&P	$4,289.02	$4,360.49	**1.67**	**13.98**
Nasdaq	$13,326.22	$13,613.59	**2.16**	**28.88**
NYSE	$15,214.02	$15,329.55	**0.76**	**0.96**
Russel 2000	$1,738.39	$1,738.09	**-0.02**	**-0.72**

US Treasury Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
5Y	4.77	4.65	**-2.51**	**19.54**
10Y	4.76	4.62	**-2.94**	**22.87**
30Y	4.81	4.78	**-0.62**	**23.71**

North America (16 October 2023 - 20 October 2023)

Index	Starting Price	Ending Price	% Weekly Change	% Change YTD
Dow Jones	$33,604.65	$33,127.28	**-1.42**	**-0.07**
S&P	$4,335.66	$4,224.16	**-2.58**	10.44
Nasdaq	$13,453.81.	$13,157.77	**-2.20**	24.59
NYSE	$15,318.08	$15,033.28	**-1.86**	**-0.98**
Russel 2000	$1,755.99	$1,681.26	**-4.26**	**-3.97**

US Treasury Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
5Y	4.62	4.95	**7.14**	**27.21**
10Y	4.66	4.98	**6.87**	**32.45**
30Y	4.85	5.11	**5.36**	**32.36**

Comment

In the US Treasury Market 10-year bond yields have shot up to a 16-year high causing the US stock market to be unattractive to investors and slipping even further. This has been caused by investors moving away from higher risk assets to those which are safer following the increase in tension in the Middle East. This has also been further exacerbated by the expectation for an increase in federal borrowing and a fall in the interest rate to only 4.7% from 5.25-5.5% instead of the 4.3% expected previously. This has caused bond yields to increase and other markets to fall such as the S&P 500 being roughly 7.5% down from more than one year peaks in July.

Market Sentiment and Upcoming Events

Market sentiment

Market sentiment throughout the past couple of days has been following a quite "bearish" trend, especially towards equities. This current period of "bearish" behavior is propelled by several factors. First, the current conflict in Gaza between Israel and Hamas, is having and will continue to have quite a significant effect on not only US markets, but global markets as well. So far the market reaction has been somewhat modest, but that could change at any moment. The constant fear of this conflict escalating into a regional conflict, bringing in Iran and Hezbollah, could have implications regarding oil. For example, an escalation of the conflict would raise concerns about oil supply and could raise oil prices, thus setting the stage for a global economic crisis.

More specifically, if Iran were to get involved, the US would raise Iran's sanctions, which would remove a significant portion of global oil exports and lead to even higher oil prices. Keep in mind, oil has already gained 7.5% over the last week, and in past conflicts such as the Yom Kippur War in 1973-1974, markets saw oil surging over 300% price increases. Luckily, global oil supply is not as concentrated as it was during that period, and therefore the effects of such an event shouldn't have as disastrous of an effect.

Another possible effect of the conflict could be an inflation spike, caused by a spike in oil prices, thus halting inflation's recent downward move. This worry is further fueled by gas prices surging 45% last week, which is continuing to worry market participants. Regarding inflation, this is another major player in market sentiment. Long-term gauges of Eurozone and US inflation expectations seem to suggest that inflation will be staying above 2% targets and furthermore, bond investors could be in for further pain.

The S&P aggregate bond index, which is used as a marker of how Treasuries and corporate debt are performing recently, is quite low at 14% below peaks from the first month of 2021. CNN's Fear and Greed index has credited this bearish sentiment to rising bond yields and declining stock prices and in fact, this current bearish state seems to be pushed forward by fund outflows from high yield bonds and global stocks. This is due to the yield on 10-year US treasuries recently climbing to around 5%, a level not seen since the financial crisis, on Thursday. This sell-off across the world's bond markets resumed this week after investors scurried away to safer assets after news of the conflict in Gaza.

However, not all is bad. The dollar has been recently boosted thanks to demand for safe-havens, and the dollar may end up having to be a one-way bet if the US were to enter a recession triggered by rising oil prices and inflation.

Expected events for the upcoming period

Event	Date	Description
Biden's Visit to Israel	*19 Oct 2023*	President Biden is expected to visit Israel to maintain his position on the fact that Iran should not get involved in the conflict. He also planned to meet with Jordanian officials; however, due to the bombing of a Palestinian hospital, these meetings were cancelled.
US Congress $106 billion decision	*19 Oct – 26 Oct 2023*	The US Congress is expected to make a decision this week on whether to provide $106 billion in military support for Israel and Ukraine.
Geopolitical Tensions Warning	*Before 2024*	The US Federal Reserve has warned that geopolitical tensions in Israel and Ukraine could have repercussions on both the US and global economies. They also cautioned about the potential increase in inflation resulting from the ongoing conflicts.
Upcoming IPOs	*Before 2024*	Two major companies, Stripe Inc. and Reddit Inc., are expected to go public in the near future, with their initial public offerings (IPOs) anticipated before 2024.

Performer of the Period

Momentus, the U.S.-based commercial space company, soared to the top as the standout performer of the week in North America.

Company overview

Market Cap	$8,201,234
Beginning of period price	$1.79
End of the period price	$4.97
% Change	177%

As of 20/10/2023

Company Description

Momentus Inc. (MNTS), established in 2017 by co-founders Mikhail Kokorich and Negar Feher, is headquartered in Santa Clara, California, USA. In August 2021, Momentus went public by merging with Stable Road Acquisition Corp, a special purpose acquisition company (SPAC). This merger deal assessed Momentus at a market value of $1.2 billion.

The company specializes in providing orbital transportation and in-space infrastructure services. In particular, the company aims to offer solutions that enhance the reliability, flexibility, and responsiveness of space missions.

Industry Overview

Momentus operates in the space technology and transportation sector, which is a growing and dynamic industry. They are part of the broader space economy, which includes satellite deployment, space exploration, and in-space logistics.

The space industry is driven by both government space agencies and private companies and has significant potential for growth and innovation, with an increasing demand for cost-effective and efficient solutions for satellite deployment and transportation.

SWOOT Analysis

Strengths

Momentus has several strengths that contribute to its competitive position in the space industry. Firstly, the company offers **innovative in-space transportation services**. In particular, it offers in-space transportation for small satellites, including orbital transfer and deployment, a niche within the space sector, making it a unique player in the market. For example, their "last-mile" orbital transfer services enable small satellites to reach their precise orbital destinations, which is a significant advancement in the industry. This innovative service portfolio sets it apart in the space industry.

Moreover, Momentus has developed **cutting-edge space propulsion technologies**, such as water plasma propulsion systems, which offer significant advantages in terms of efficiency and cost-effectiveness. For example, their *Vigoride* and *Vigoride Extended* platforms use water plasma propulsion, providing small satellites with efficient in-space transportation capabilities.These advanced technologies make it a leader in the emerging field of in-space transportation.

Fundamental are also the **strategic partnerships** that the company has established with space agencies and private space companies. For instance, Momentus has partnered with SpaceX to provide transportation services for small satellites on SpaceX's ride-share missions.

Lastly, Momentus is led by a team of experienced professionals, including founders who have previously worked with NASA and the European Space Agency, as well as business experts. These individuals bring a wealth of knowledge and expertise to the company.

Weaknesses

The primary vulnerabilities confronting Momentus are **strict regulatory challenges** in the space industry, such as environmental regulations and licensing requirements. In fact, the regulatory environment for space activities is complex and constantly evolving, which can impact the company's operations. In fact, navigating these regulations and obtaining necessary approvals can be time-consuming and costly.

Additionally, the company's success is closely tied to the launch schedules and success of rocket providers like SpaceX and others. The reliance on the success of space missions and the deployment of customer payloads can be a potential weakness, as mission delays or failures can impact revenue. Managing the transportation of payloads in space comes with inherent risks and technical challenges, which must be carefully managed.

Opportunities

Momentus operates in an **industry with significant growth potential**. The space industry is seeing increased demand for satellite deployment and in-space logistics. As more companies and governments seek to explore and utilize space, Momentus can seize the opportunity to expand its services and customer base.

In addition, the **increasing use of small satellites for various applications**, such as Earth observation and communication, offers significant growth opportunities for Momentus' in-space transportation services. Collaborations with other space companies and government agencies can open doors to new projects and revenue streams.

Threats

The space industry is subject to various threats, including **geopolitical tensions** that can impact international collaborations and agreements. The evolving regulatory environment can introduce uncertainties and compliance challenges. Additionally, the risk of technical failures during space missions is a persistent threat.

Furthermore**,** Momentus relies on a **complex supply chain** for sourcing components and materials for their propulsion systems. Geopolitical tensions and component shortages can disrupt the supply chain, negatively impacting production and delivery schedules.

In conclusion, Momentus is a pioneering space transportation company that has quickly become a key player in the industry. With innovative water plasma propulsion technology and strategic partnerships, Momentus is well-positioned for success in the growing small satellite market. Overall, Momentus' commitment to innovation and reliability positions it for continued success in the dynamic space industry.

APAC Markets

Indexes and Key Events Moving the Market

Markets around the world

APAC (9 October 2023 – 16 October 2023)

Index	Starting price	Ending price	% Weekly change	% YTD change
NIKKEI 225	$32315.99	$31659.03	**-2.03**	**23.11**
HANG SENG	$17517.40	$17640.36	**0.70**	**-12.43**
CHINA A50	$12312.87	$12124.50	**-1.53**	**-6.57**
SSE	$3096.92	$3073.81	**-0.75**	**-1.37**

10Y Government Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
China	2.711	2.713	**0.07**	**6.34**
Japan	0.799	0.754	**-5.63**	**66.08**

Comment

Most of Asian shares declined, with investors trying to evade risk as the situation in the Middle East persists and threats to spill over to other countries as Israel is committed to conduct ground operations in Gaza to root out Hamas military group. However, this effect was partially compensated by gains realized by energy stocks as oil and gas prices are expected to grow as a result of the conflic

APAC (16 October 2023 – 22 October 2023)

Index	Starting price	Ending price	% Weekly change	% YTD change
NIKKEI 225	31659.03	31259.36	**-1.26%**	**+21.55%**
HANG SENG	17640.36	17172.13	**-2.65%**	**-14.76%**
CHINA A50	12124.50	11758.95	**-3.01%**	**-9.38%**
SSE	3073.81	2983.06	**-2.95%**	**-4.28%**

10Y Government Bonds

Index	Starting Yield	Ending Yield	% Weekly Change	% Change YTD
China	2.713	2.736	**+ 0.85%**	**+ 5.45%**
Japan	0.754	0.836	**+ 10.88%**	**+ 84.14%**

Comment

As a result of the U.S. announcement on Tuesday of tightening export controls for cutting-edge artificial intelligent chips in order to curb China's access to advanced chips that could fuel breakthroughs in artificial intelligence, investors concerns about geopolitical risk raised, negatively impacting the Chinese stock market, despite some good news from data released on Wednesday which highlighted signs of stabilization for the Chinese economy.

Market Sentiment and Upcoming Events

Market sentiment

About Chinese market we can say that even if the China's Economy shows more sign of stabilization, the sentiment is not good cause it has been in a bear market in the last three years and investors are moving their capital in US. More over the chip industry has recently been rocked by new restrictions announced by the US Department of Commerce, which plan to prevent the sale of more advanced artificial intelligence chips to China starting in the next few weeks; the goal of these restrictions is clearly to prevent Chinese access to advanced semiconductors that could enable major advances in artificial intelligence, and the higher is the number of restrictions, the greater is the fear for investors about this market. For what regards

Japanese market, with an unexpected move to widen yield curve control in July, the Bank of

Japan has begun carving a path to policy normalization, and the market expects more adjustments to come. Recent changes in the behavior of Japanese consumers and companies indicates that a shift away from a deflationary mindset is underway, a very positive development for the economy; the sum of these facts is an optimistic sentiment on Japanese equities in the medium and long term.

Expected events for the upcoming period

Event	Date	Description
China Trade Balance	12 Oct 2023	China's exports have fallen on a year-on-year basis every month this year starting in May. The last positive print for imports on a year-on-year basis was in September last year.
China GDP (Q3)	17 Oct 2023	China's GDP in the first three quarters of 2023 reached a total of RMB 91.3 trillion (approx. US$12.48 trillion), growing 5.2 percent year-onyear. In the third quarter alone, the year-on-year GDP growth rate reached 4.9 percent, beating the median forecast of around 4.6 percent. On a quarterly basis, China's GDP grew by 1.3 percent in the third quarter.
China Manufacturing PMI	30 Oct 2023	The Caixin China General Manufacturing PMI declined to 50.6 in September 2023 from August's six-month high of 51.0 and below market estimates of 51.2. It was the second straight month of increase in the sector amid several efforts from Beijing to revive a weakening post-pandemic recovery. Output expanded the most in four months amid a further modest increase in new business, with export orders falling at a marginal pace that was the softest in three months.
Bank of Japan Press Conference	31 Oct 2023	With both the Fed and BoE set to stay on pause, the Bank of Japan meeting could be the week's wildcard as there is growing speculation of a surprise policy tweak. According to local news reports, the BoJ is considering whether to raise the cap on the 10-year yield again after doubling it to 1.0% back in July.

Performer of the Period

TDK Corporation, the Japanese manufacturing company focused on electronic components, soared to the top as the standout performer of the week within the APAC market.

Company overview

Market Cap	$14.073.000.000
Beginning of period price	$36.22
End of the period price	$37.38
% Change	3.20%

As of 20/10/2023

Company Description

TDK stands as a global leader in the field of electronic components manufacturing, with a specialized focus on magnetic technology. TDK began its trajectory by producing the world's first ferrite cores using a magnetic material called ferrite, and the company is now a large manufacturer of components. Ferrite is a material with many advantageous properties. Modern TDK commands a wide range of technologies that make daily life more convenient and pleasant. Its products serve a myriad of applications—they provide critical functionality in smartphones, personal computers, electrical appliances, industrial equipment, and automobiles. TDK components are vital for progress in many areas. Meanwhile, the power of magnetics continues to inform our global leadership role.

Industry Overview

General Electronic Components Market 2023 is expected to be considerable growth achieve until 2031. Asia Pacific is expected to dominate the market over the forecast period. This is due to labor being inexpensive, raw materials being easily accessible, and production costs being low in this area. Moreover, the market for passive and interconnecting electronic components has been steadily expanding due to the strong demand for consumer electronics made in Asia Pacific, particularly in China and India. The country has seen a sharp increase in demand for computers, as well as other electronic devices like mobile phones, LED displays, and multipurpose processors, due to growing income levels and improving living standards. Moreover, there is a growing international market for low-cost consumer electronics made in China. The Chinese government has consistently supported research and development endeavors and encouraged the establishment of industrial parks in Chinese cities to facilitate the manufacture of electronic components. Additionally, the Indian government is offering several incentives to enterprises that spend $400 million within the projected term. Thus, this is expected to drive the market growth in the region. North America has a substantial electronic components market, driven by its advanced technological infrastructure and strong presence in industries such as automotive, consumer electronics, aerospace, telecommunications, and healthcare. The demand for smartphones, tablets, laptops, wearables, and other consumer electronic devices drives the need for various electronic components like microprocessors, sensors, displays, and memory chips. The region is home to industry giants such as

Intel, Texas Instruments, Qualcomm, Broadcom, and NVIDIA, amplifying its stature in the global electronics domain.

SWOOT Analysis

Strengths

TDK has a strong international presence with factories, research institutes and sales offices in over 30 countries worldwide. This enables the company to take advantage of the business strengths of each region to meet the needs of that region.
TDK offers a wide range of products, categorized into 5 different segments, which enable the company to serve different customer segments within the "electronics components" industry, as well as diversify its sources of revenues.
TDK has maintained its strong financial base through a strategy that values both stability and active enterprise. This secure approach has earned high ratings from both global and domestic agencies, which enhance the company's reputation in the industry.

Weaknessess

TDK strongly relies on international sales and this exposes the company to the risk related to currency exchange rate fluctuations, which may have a strong impact on revenues and, accordingly, on profitability.
TDK's business displays cyclical a cyclical nature, with fluctuations tied to the performance of markets it serves, such as automotive and consumer electronics. During economic downturns, there is a reduced demand for consumer electronics and a slowdown in the automotive sector, impacting TDK's sales.

Threats

TDK is facing intense competition from other electronics companies, including regional and niche competitors, which may put pressure on pricing and market share.
The social and industrial landscape, as well as the business environment surrounding the TDK group, may be drastically altered as a result of the recent geopolitical developments, which may lead to disruptions of global supply chains.

Opportunities

TDK can take advantage of the society's energy transformation, driven by the shift from fossil fuels to renewable energy, to increase to expand its business growth and its contributions to the social value, by supplying products related to energy storage, conversion and control.
TDK can take advantage of the digital transformation, driven by the permeation of digital technologies, such as IoT and AI, by supplying products for high-speed communication networks, sensors, autonomous driving and robots.

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